

# DIRECTIVE

## WORKFORCE INVESTMENT ACT

Number: WIAD00-1

Date: August 24, 2000  
69:75:va:3883

TO: LOCAL WORKFORCE INVESTMENT AREAS  
CHIEF ELECTED OFFICIALS  
CALIFORNIA WORKFORCE INVESTMENT BOARD STAFF  
WID STAFF

SUBJECT: ALLOWABLE COSTS

### EXECUTIVE SUMMARY:

#### Purpose:

This directive provides combined State and federal guidance regarding the general cost principles and allowable costs under the Workforce Investment Act (WIA) program.

#### Scope:

This directive requires that all subrecipients expending WIA funds shall comply with federal and State guidance regarding the allowability of expenditures. All expenditures should be made according to federal and State procurement regulations and policies.

#### Effective Date:

This directive is effective on date of issue.

### REFERENCES:

- WIA Sections 117(f)(1), 129(c)(6), 134(d)(2) through (4), 181(d) and (e), and 188(a)(3)
- Title 20 Code of Federal Regulations (CFR), WIA Final Rule, Sections 661.310, 667.200(c), and 667.260 through 667.268
- Title 29 CFR Part 97.22
- Title 29 CFR Part 95.27
- Title 48 CFR Part 31, Contract Cost Principles and Procedures
- Office of Management and Budget Circulars (OMB) A-21, A-87, and A-122

### STATE-IMPOSED REQUIREMENTS:

This directive contains no State-imposed requirements.

### FILING INSTRUCTIONS:

This directive finalizes Draft Directive WIADD-4 issued for comment on June 29, 2000. Retain this directive until further notice.

### BACKGROUND:

The WIA Final Rule, Title 20 CFR 667.200(c) provides guidance regarding cost principles and allowable costs and refers subrecipients to OMB circulars for specific requirements. The OMB circulars provide guidance according to type of organization,

and the guidance may vary from one circular to another. Educational institutions are bound by OMB Circular A-21, governmental entities by OMB Circular A-87, nonprofit organizations by OMB Circular A-122, and for-profit organizations by Title 48 CFR Part 31.

## **POLICY AND PROCEDURES:**

The OMB circulars provide general principles and guidance on selected items of cost identifying allowable and unallowable costs. Certain items are allowable only if approval is granted prior to the purchase. The WIA Regulations, Section 667.200(c) delegates the authority for granting prior approval for those selected items of cost to the Governor. When planning purchases, entities should refer to the appropriate OMB circular to identify selected items of cost; the items differ by type of entity. If an item requires prior approval, please submit your request in writing to:

WIA Regional Manager  
Workforce Investment Division, MIC 69-1  
P. O. Box 826880  
Sacramento, CA 94280-0001

The circulars require the federal agency to provide guidance regarding the purchase and construction of facilities. Section 667.260 of the WIA Regulations prohibits the purchase or construction of facilities; a few exceptions regarding renovation and repair are permitted as detailed in this section.

The WIA and its Regulations provide guidance regarding allowable activities. Expenditures of WIA funds are allowable only for those activities permitted by the WIA or the Regulations. Allowable activities include core, intensive, and training services. Core, intensive, and training services are described in Section 134(d)(2), (3), and (4); additional guidance regarding supportive services and needs related payments is provided in this section. The WIA Section 129 details the allowable and unallowable activities for the youth program.

Among the sections of the Final Rule providing prohibitions against specific activities are Sections 667.260 through 667.270 and Section 661.310. When planning a program or expenditure, subrecipients are advised to consult all relevant federal documents.

## **ACTION:**

Bring this directive to the attention of all affected staff and all subrecipients.

## **INQUIRIES:**

Please direct inquiries about this directive to your assigned [Regional Advisor](#).

/S/ BILL BURKE  
Chief